

NAVAL POSTGRADUATE SCHOOL

Monterey, California



THESIS

**ORGANIZATIONAL CHANGE: A STUDY OF THE
INTEGRATED CUSTOMER SUPPORT SYSTEM AT
UNITED STATES TRANSPORTATION COMMAND**

by

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March 2001

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Based upon interviews with Transportation Specialists, areas for change and resistance were identified using the open system model framework. The system elements that need to be aligned in conjunction with the implementation of the Integrated Customer Support system include inputs, goals and strategies, and behavior and processes. ICS is not just a software program and if implemented as a stand-alone technology, unrelated to other business processes, it will have disastrous results.

More effective communication is needed from the top down throughout the Defense Transportation System so ICS users will be committed to system use and understand the behaviors that are expected of them. New measurement and feedback systems to monitor the performance of the Transportation Specialists need to be established. Additionally, to sustain commitment, the proper rewards and incentives need to be institutionalized at the command.

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COMMAND**

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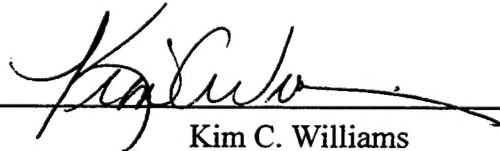
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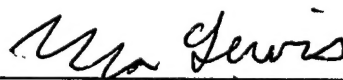
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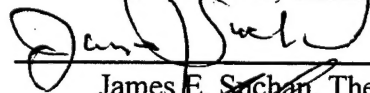
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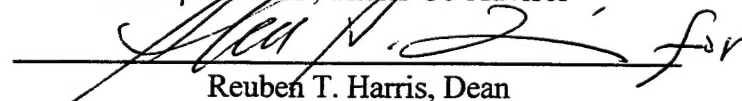
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I. INTRODUCTION

Transforming a company from product-oriented silos into an integrated, 1to1 enterprise requires a thoughtful, comprehensive approach involving not just marketing but the organization and its culture as well. [Ref. 1].

A. BACKGROUND

In today's dynamic business environment, organizations are making customers the focal point of many strategic decisions and organizational changes. In the past, customer relations were thought of as only marketing or sales functions. Not any more. Top leadership is redefining business models focusing on the customer as they seek to build long lasting relationships with these customers. Companies realize they can no longer offer products or services and then locate a customer. Instead, organizations must identify and analyze the customers' needs and develop products or services around these expectations. This need to focus on the customer and adjust organizational practices even holds true for military organizations, as the potential to lose customers to commercial outsourcing becomes more prevalent.

Today's savvy customers access an organization's products and services through avenues such as service counters, catalogs, telephones, or web sites. These multiple touch points pose challenges for organizations. Companies struggle to capture, collect, and share information across the organization into a single, unified corporate view of a particular customer. Disjointed information does not allow companies the opportunity to understand and make educated decisions on an individual customer's present and future

needs. This lack of understanding can make the customer feel that their expectations or needs are not being met. As a result, they may become frustrated and voice complaints to management or ultimately turn to a competitor.

As it becomes more expensive to gain new customers, it is extremely important to retain existing customers. Organizations that adopt a customer-focused philosophy and attempt to retain existing customers often turn towards Customer Relationship Management (CRM) solutions. This technology allows information about a customer to be gathered, merged, and exchanged throughout an entire organization. CRM helps organizations to customize and personalize their relationships with customers. As this relationship solidifies, customers become less willing to turn to a competitor.

As commercial corporations adopt these CRM technologies with the intent to retain customers and improve their bottom line, military service organizations attempt to select appropriate technologies to reengineer business processes to attract and retain customers. United States Transportation Command (USTRANSCOM) is adapting commercial practices and CRM technologies from the private sector to improve customer service in the Defense Transportation System (DTS). To effectively adopt the Integrated Customer Service (ICS) System, a CRM solution, USTRANSCOM will need to thoroughly analyze its environmental context, evaluate current business processes, and implement the necessary organizational changes.

B. AREA OF RESEARCH

This thesis identifies and evaluates areas of potential organizational change as a result of the ongoing implementation of ICS at USTRANSCOM. The objective is to clearly present the current business context in which USTRANSCOM operates, and assess the internal organizational elements that need to be realigned in order to effectively accommodate this change in new business processes that ultimately will improve customer service.

C. SCOPE OF THESIS

This thesis presents and uses an open system model. Basic corporate information, customer surveys and interviews with USTRANSCOM's Transportation Specialists have been collected and serve as the foundation for the model's framework. After this data is analyzed, this thesis will further diagnose the system model elements to determine those elements that will be most affected by this technological change and identify how interactions among these elements will change.

D. RESEARCH QUESTIONS

The primary question addressed for this thesis is:

What type(s) of organizational change will USTRANSCOM have to plan for to effectively implement ICS on a full-scale level?

The secondary questions addressed by this thesis are:

- Is ICS a reactive or strategic change?

- Does CRM have the support of USTRANSCOM's senior leadership, its employees, and its Transportation Component Commands (TCCs), and will adequate resources be provided to implement ICS?
- Does ICS alter or add value to USTRANSCOM's mission and are there objective measures in place to evaluate the change effort?
- How will organizational systems – structure, reward mechanisms, control, and people – have to be aligned to accommodate the change to ICS?
- How must the change be communicated externally and internally? Are there current communication practices that may hinder effective communication of this change?

E. ORGANIZATION

The thesis is organized as follows:

Chapter I is the Introduction.

Chapter II provides basic corporate information about USTRANSCOM and them current business context in which it performs its mission as related to the system elements. It also provides an overview of the system model and discusses the elements that comprise the framework used by the model.

Chapter III presents the research methodology and data analysis.

Chapter IV identifies areas of organizational change and pockets of resistance to ICS based on interviews by diagnosing system model elements.

Chapter V contains a summary of principal findings and offers recommendations based on the study.

II. BACKGROUND

A. UNITED STATES TRANSPORTATION COMMAND (USTRANSCOM)

The Defense Transportation System (DTS) is the worldwide transportation infrastructure that supports the Department of Defense (DOD) in peace and war. The Commander in Chief of the United States Transportation Command (USCINCTRANS), headquartered at Scott Air Force Base, Illinois, is the single manager for defense transportation and possesses combatant command and control of three Transportation Component Commands (TCCs) and all transportation assets of the military departments except those that are service unique or theater assigned. [Ref. 2]

This chapter presents basic corporate information about United States Transportation Command (USTRANSCOM) and specifically addresses the Operations and Logistics Directorate where CRM technology is currently being studied. It also explains the open system model and its major system elements. A history of USTRANSCOM and ICS is provided in the sections below along with a discussion of the open system model's key elements as they relate to USTRANSCOM's business context.

1. History

Prior to 1986, three single managers operated the nation's strategic mobility assets independently. The Navy had sole responsibility for strategic sealift, the Army for land transportation and port operations, and the Air Force for strategic airlift. This structure led to vertical, non-integrated organizations, policies and procedures, coordination

problems, and cost inefficiencies. In 1987, USTRANSCOM was activated with only wartime authority, and the services retained their single manager charters for their respective modes of transportation – sea, land and air for day-to-day operations. This action did little to eliminate inefficient processes including conflicts of management, duplication of efforts, and coordination problems within the DTS. This structure made it difficult for USTRANSCOM to influence a transition from peacetime to crisis operations when necessary.

In 1992, the Secretary of Defense designated USTRANSCOM as the single manager for defense transportation, other than service unique and theater assigned assets. This mandate eliminated the single manager charters of the service secretaries and assigned the three service TCCs: Military Sealift Command (MSC), Military Traffic Management Command (MTMC) and Air Mobility Command (AMC) to USTRANSCOM in peace and war. This organizational realignment, however, did not completely resolve the long-standing problem - fragmentation of traffic management.

USTRANSCOM observed that traffic management in the DTS remained largely disjointed along service and modal lines, and the multiple oversight structure that existed prior to 1992 was still apparent. Consequently, in 1994 USTRANSCOM published the DTS 2010 Action Plan claiming management processes had evolved independently for each mode of transportation, with the focus more on 'local' vice total system optimization. [Ref. 3] The primary goal of the DTS 2010 was to establish a fully

integrated, joint, intermodal transportation system providing seamless transition between peacetime and wartime operations.

2. Current Operations

Today, USTRANSCOM operates in a complex and dynamic business environment to accomplish its the mission of providing air, land and sea transportation for the DOD, both in time of peace and time of war through military and commercial modes of transportation. [Ref. 2] Due to the unique military requirement to maintain wartime transportation capabilities even during peacetime, USTRANSCOM's customers are encouraged by regulation to stay within the DTS for transportation services for cost reasons. Therefore, it becomes very important for USTRANSCOM to remain in touch with their customers' needs and not become complacent by the changing economic and political transportation environment around them.

USTRANSCOM prides itself on not being satisfied with the status quo as they enter the 21st century as one of the most capable strategic mobility systems in the world. USTRANSCOM's strategic vision is "USTRANSCOM, providing timely, customer-focused global mobility in peace and war through efficient, effective, and integrated transportation from origin to destination". [Ref. 2] Serving customers is one of USTRANSCOM's core processes as strategic efforts focus on determining customer needs, expanding the customer base, and enhancing customer satisfaction and loyalty through responsive service and process improvement.

Strategic objectives resulting from internal and external environment assessments have been established to improve customer service. These include developing business processes that improve DTS efficiency and effectiveness and integrating customer relation management processes that capture and acknowledge customer issues, track efforts toward satisfactory customer resolution, and monitor customer feedback management. [Ref. 4] In an effort to determine customer satisfaction levels, identify customer requirements and provide recommendations for improvements, USTRANSCOM employs the services of an independent contractor to conduct annual customer surveys as part of their customer outreach program. The survey is administered to key customers and results are published via letters and during an annual Customer Appreciation Day.

In the Fiscal Year (FY) 1999 survey results, a key strength customers cited was USTRANSCOM's increased emphasis on customer focus. Conversely, customers identified opportunities for improvements in communication, transportation expertise, and information systems. [Ref. 5] The findings of the FY 2000 customer survey indicated customers were generally satisfied with USTRANSCOM's responsiveness to their needs and inquiries over the year, but desire more commercial business practices within the DTS and better communication in accessing rates, information, support, and services. A major source of frustration was the time-consuming process associated with accessing the right information from the right person when trying to obtain transportation services within the DTS. [Ref. 6]

3. Operations and Logistics Directorate (TCJ3/J4)

A portion of the Operations and Logistics Directorate (TCJ3/J4) is located in the Mobility Control Center (MCC) within USTRANSCOM where the CRM pilot program is being conducted on a limited scale. The mission of the TCJ3/J4 is to provide USCINCTRANS the capability to exercise combatant command of assigned forces worldwide and to provide air, land and sea transportation for DOD. Within TCJ3/J4, the CRM pilot directly impacts the TCJ3-ODJ Requirements Branch. These areas include the General Movements and the Channel Requirements sections. The General Movements team is responsible for providing CONUS to CONUS airline and chartered aircraft service reservations, opportune cargo movement, and Denton cargo movement. The Channel Requirements team provides regularly scheduled, common-user airlift worldwide and serve as the focal point for channel forecasting and analysis.

4. Integrated Customer Support (ICS) System

USTRANSCOM's strategic objective to integrate CRM practices into the DTS working environment is an attempt to provide immediate and complete responsiveness to external customer needs and instill a One Mission, One Voice, One Team concept between USTRANSCOM and the TCCs. To achieve this goal, USTRANSCOM is creating ICS, a single-point entry system and a database of consolidated customer profiles and history of requirements. Instead of accessing transportation services through multiple touch points or isolated points of entry where requirements are funneled through stovepiped avenues, ICS will attempt to establish a virtually unified DTS. Customers can

access a suite of DTS transportation services via a transparent interface and USTRANSCOM can track and monitor actions taken regarding the customer's requirement, respond to customer inquiries, and monitor process performance. ICS does not replace or duplicate other initiatives like the Global Transportation Network (GTN) that also seek to create a unified transportation and logistics perspective. When fully operational ICS will incorporate Computer Telephony Integration (CTI); intelligent routing of telephone calls, emails, and worldwide Web; email management; personalization engines; customer data mart; and advanced data mapping through Enterprise Applications Integration (EAI) tools. Figures 1 and 2 illustrate the present and future ICS service models.

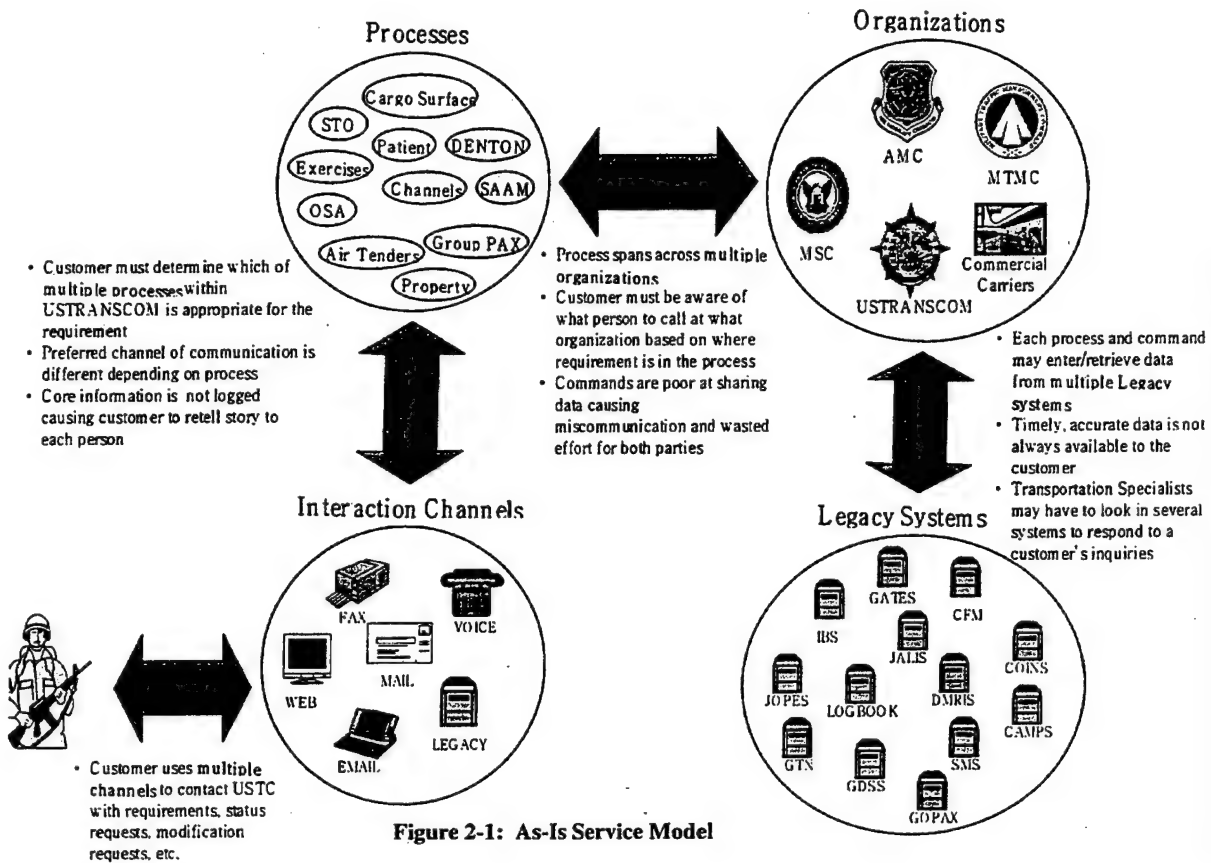


Figure 1. Current Service Model [From: Ref. 7]

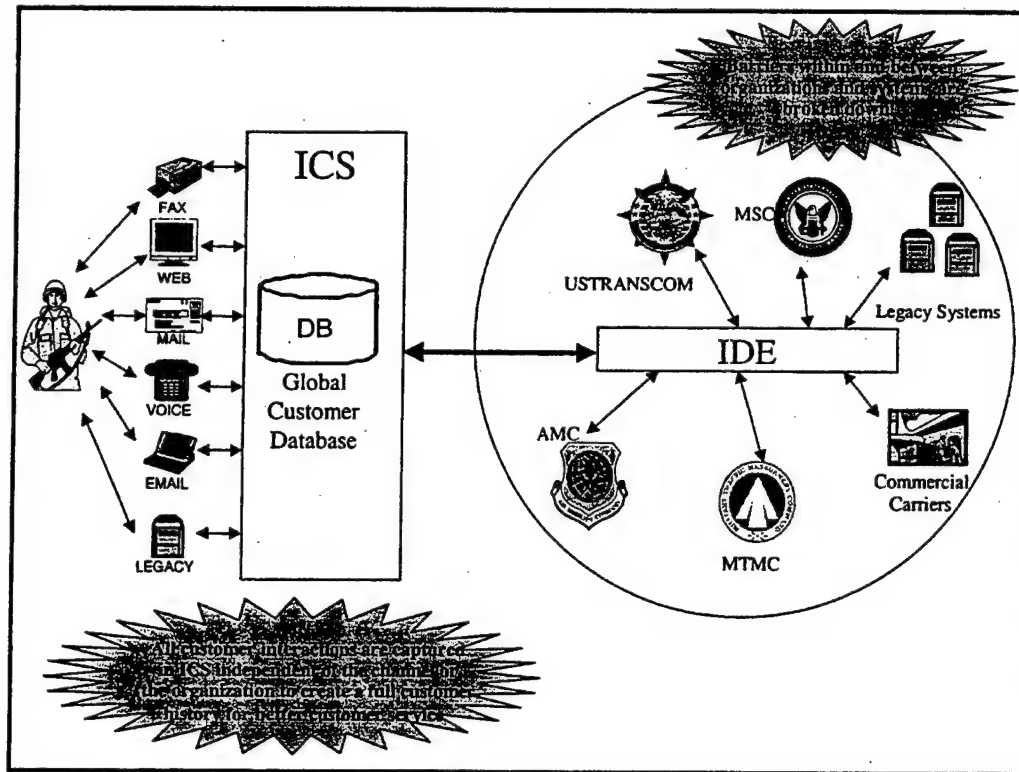


Figure 2. Future Service Model [From: Ref. 7]

The CRM pilot program is being conducted from August 2000 to April 2001.

ICS is being tested using a controlled group of customers in the General Movements and Channel Requirements areas within USTRANSCOM and selected transportation representatives at the TCCs.

Presently ICS routes customer calls intelligently and provides coordination of information among key players. ICS allows customers to access USTRANSCOM, AMC, MTMC or MSC through a toll-free number. After a series of telephone prompts, customers reach Transportation Specialists who are armed with a robust application that

allows them to rapidly identify callers, reference historical calls, and document the contents of each call. This data is then manually captured and used to build customer profiles and contact history information and it is ultimately stored by USTRANSCOM. This historical database enables management to monitor service levels, perform trend analysis, and help detect potential service problems internally and externally.

Currently ICS does not include a Web portal for customers to access transportation services. This capability will be developed in future stages, and it is unclear whether the toll-free number or data collection efforts will continue during this developmental period. As USTRANSCOM gears up for full-scale ICS implementation in the out years, transportation leaders must assess the organization and its environment to determine what types of changes need to be made within the organization to gain the potential benefits of a single point of entry into a unified DTS.

B. OPEN SYSTEM MODEL

One approach to diagnose an organization is to view the organization as an open system. This approach will be the primary tool of analysis used in this thesis. [Ref. 8] The open system model helps leaders visualize their organization as part of an entire system and understand interactions and influences among key elements. The open system model, presented in Figure 3, is comprised of system elements including: inputs (resources), outputs, technology, environment, goals and strategies, behavior and processes, culture and structure. For each element, basic organizational information about USTRANSCOM has been collected and is summarized in the sections below.

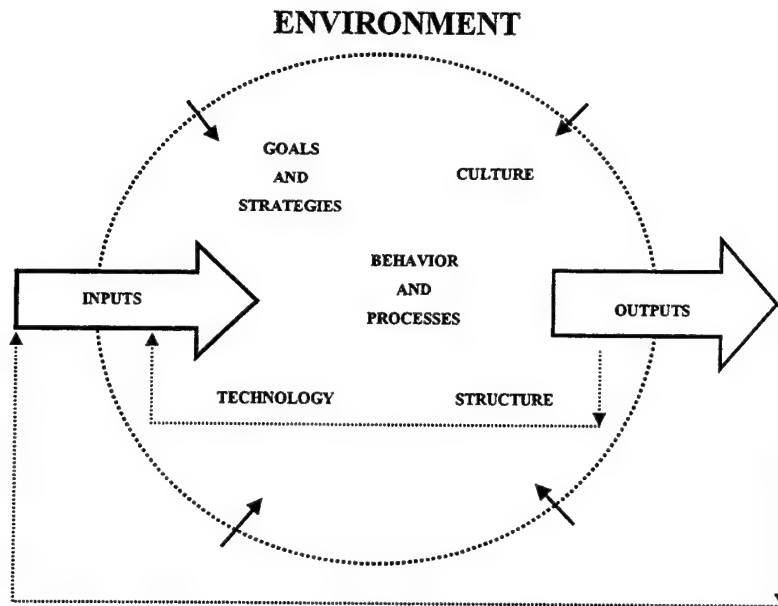


Figure 3. Open System Model [From: Ref. 8]

1. Inputs (Resources)

Inputs consist of the resources that USTRANSCOM, specifically TCJ3-ODJ, acquires from the environment and then uses in the final production or delivery of products and/or services. These can include: capital assets, manpower, and budgets.

a. Capital Assets

The DTS encompasses myriad capital transportation assets to move passengers and cargo globally. USTRANSCOM and the TCCs employ this diverse inventory of assets and suites of aircraft, sealift, and traffic management capabilities to carry out their respective missions. USTRANSCOM also has access to a wide array of

commercial assets, services, and systems under DTS commercial partnerships including the Contingency Response Program (CORE), Civil Reserve Air Fleet (CRAF), and Voluntary Intermodal Sealift Agreement (VISA). TCJ3-ODJ personnel perform the customer-facing processes, as they interact with transportation customers and provide services by scheduling these assets.

b. Manpower

USTRANSCOM's staff is comprised of approximately 798 personnel (473 military and 325 civilians). The TCCs employ 48,071 military personnel and 14,348 civilians, collectively. [Ref. 9] Reserve manpower resources are also heavily relied upon within the DTS to augment missions and contingencies around the globe. Various unions represent the civilian workforce, and military personnel assigned are from all branches of services.

As in any service organization or department, customer service representatives are the most important people in the organization. The personnel in TCJ3-ODJ are highly skilled transportation professionals who take great pride and ownership in their customer base. They are predominately GS-9/11/12 employees who have a vast amount of experience in the transportation industry. There are currently nine Transportation Specialists at USTRANSCOM who have the ICS application on their desktop available to help track and monitor customer requirements.

c. *Funding*

The DTS is funded by the Transportation Working Capital Fund (TWCF). Income is derived from its operations and is available to finance the fund's continuing operations. This fund provides total cost visibility to customers and is managed by USTRANSCOM who operates under the premise of controlling costs and balancing costs with revenues.

If military budgets continue to shrink, management is forced to make tough decisions regarding the priority and future of ongoing initiatives or programs. A non-mission essential initiative, like ICS, runs the risk of being cut or scaled down if funding becomes an issue. This scaled mission could hinder its overall effectiveness or impact throughout the organization.

2. **Outputs**

USTRANSCOM provides transportation services during peace and wartime to customers within the DTS environment. The command coordinates the movement of troops and materiel using military and commercial modes of transportation. USTRANSCOM also manages cargo and passenger transportation services and all common-user organic and commercial lift. The output is a service level or standard in which USTRANSCOM has developed or instilled in its Transportation Specialists. ICS aspires to improve current levels of customer satisfaction and efficiency.

3. Technology

This element ties the tools, techniques or machines an organization uses to change resources into outputs. USTRANSCOM relies heavily on human resources and technology to perform its mission. Employees provide customer service via the telephone and computer. It is this interaction that is fundamental to the service USTRANSCOM provides and determines the level of customer satisfaction.

As the commercial transportation industry invests in technologies that manage and track assets and cargo and share information instantaneously, USTRANSCOM analyzes these initiatives to determine applicability within the DTS. CRM applications, often used in conjunction with data warehousing, e-commerce applications, and call centers allow companies to gather and access information about customers' histories, preferences, complaints, and other data so they can better understand what their customers will want.

ICS will align front and back office strategies and activities to proactively manage customer information and relationships and develop and integrate multiple service channels.

4. Environment

The environment consists of those factors or entities external to the organization that impact the organization or its main operations. Significant changes in the transportation and logistics environment have had a great impact on the way that carriers and shippers sell, buy, and manage transportation services. A shift from a straight sell to

a customer driven marketing environment has been caused by deregulation, globalization of industry, mergers and acquisitions, and the expanded use of technology.

Not unlike their civilian counterparts, USTRANSCOM operates in a highly dynamic environment where speed, reliability and low prices are the basis for retaining customers. The command takes its direction from the Secretary of Defense (SECDEF) who is responsible for transportation planning and operations within the DOD. The Chairman of the Joint Chiefs of Staff (CJCS) reviews and evaluates movement requirements and resources and allocates capability when required. General Henry H. Shelton, CJCS, stated on October 19, 2000 to the National Defense Transportation Association of Washington D.C., "the rapid speed, organization and efficiency of the commercial world must be duplicated for military transportation and logistics." [Ref. 10]

USTRANSCOM is unique in that it must maintain sufficient infrastructure and capability in the event of a wartime situation during peacetime operations. Although USTRANSCOM operates the DTS and competes indirectly with commercial carriers for market share, there is continual pressure to reduce overhead and lower transportation costs. The competitive forces that have shaped the commercial market are also at work in the government, and USTRANSCOM attempts to overcome these forces.

USTRANSCOM does not have a monopoly within the transportation industry, and commercialization is allowing private sector companies to compete for a widening of services. In June 1998 the SECDEF designated USCINCTrans as a "Reinvention CINC". [Ref. 4] This means that USTRANSCOM is encouraged to seek out best

practices of private industry and incorporate commercial business practices where applicable. Although this is not the sole reasoning, this direction has created a need within USTRANSCOM to seek improvements in customer satisfaction through the use of a CRM solution. External factors having a significant impact on USTRANSCOM to adopt ICS include: customers, competitors, and regulators.

a. Customers

The more USTRANSCOM is able to learn about its customers, the more easily they can provide the goods and services they are looking for. ICS will give a complete picture of a customer's interactions with the organization. Developing insights into what these customer's want, need, and value is at the foundation of CRM. ICS will manage huge amounts of data and enable USTRANSCOM to understand what their customers want with increasing accuracy.

USTRANSCOM's diverse customer base and unique requirements span the spectrum from warfighters to retailers. The CINCs and warfighters are primarily concerned with military readiness while the shippers are more interested in cost and efficiency. Customers include:

- National Command Authorities
- Joint Chiefs of Staff
- Unified CINCs and Military Services
- Defense Logistics Agency
- Exchange Services

- Defense Commissary Agency (DeCA)
- Military Postal Service
- Other DOD Agencies
- Other Departments, Agencies, and Organizations, such as:

Department of State (DOS)
Federal Agencies (Federal Bureau of Investigation (FBI), Federal
Emergency Management Agency (FEMA), etc.)

- United Nations
- North Atlantic Treaty Organization (NATO)

ICS provides the DTS customer with a unified context for accessing relevant data, systems, and individuals within the DTS. The system motivates customers to obtain information from automated services as much as possible, but allows the customer the ability to talk to a human voice if needed. ICS attempts to get the customer in touch with the right person, the first time.

b. Competitors

Deregulation has increased the level of competition in the transportation Industry, and commercial competition will continue to expand in the transportation arena. Although USTRANSCOM does not directly compete in the commercial transportation marketplace, it risks losing business to commercial carriers if customers are not satisfied with service levels and end up seeking innovative ways to contract with commercial carriers. Many transportation firms are moving towards CRM processes as they strive to

retain customers and save money. ICS is being developed to accomplish these goals by make better use of assets and offer a personal level of service to DTS customers.

c. Regulators

USTRANSCOM is a public organization that must conform to many regulations and standards that are not applicable to commercial transportation firms. These laws impose restrictions over which commercial carriers can be used to transport DOD passengers and cargo. Several environmental factors have influenced USTRANSCOM's future vision and strategy formulation. These include the Defense Planning Guide, Joint Vision 2010, Management Reform Memorandum (MRM-15), Revolution in Business Practices, and DOD Logistics Strategic Plan.

5. Goals and Strategies

This element defines the organization's strategic vision and the objectives and plans they set forth to achieve that vision. USTRANSCOM's vision is to provide timely, customer-focused global mobility in peace and war through efficient, effective and integrated transportation from origin to destination. [Ref. 2] USTRANSCOM has developed a strategic plan that uses information technology, force modernization, and process improvement and quality of life/personnel factors to attain this vision. To achieve this strategic vision, USTRANSCOM is coordinating a five-year ICS implementation plan with an independent contractor. In February 2005, ICS will provide

a full range of CRM capabilities for all customer-interfacing processes across USTRANSCOM, MTMC, AMC, and MSC.

ICS will enable USTRANSCOM to identify the requirements and expectations of its customers and understand and anticipate future customers needs and service levels.

ICS seeks to:

- Improve the ability to balance organic versus commercial asset mix
- Improve yield management,
- Manage customer leakage,
- Reach out to existing and potential new DTS customers,
- Improve transportation and resource planning,
- Identify system deficiencies in DTS processes, and
- Communicate securely while maintaining the customer's privacy. [Ref. 9]

6. Behavior and Processes

This element explores the patterns of behavior, interactions and relations between groups and individuals. USTRANSCOM leadership interacts with its own staff and with the TCCs regarding issues of policy and strategy formulation. Although USTRANSCOM is the overall coordinator for new DTS business opportunities, innovative products and services, and strategic partnerships with both DTS customers and commercial industry providers with the TCCs, the TCCs are given autonomy to develop their own strategic policy, mission, and initiatives for their area of control. However,

these process initiatives must not only support USTRANSCOM's goals and objectives, but also the goals of their parent service. This can create conflict at times.

CRM requires USTRANSCOM to adopt a business philosophy where the customer is the focus of the entire DTS enterprise and all processes and systems need to be developed with this in mind. This philosophy will have sweeping implications for USTRANSCOM's organizational structures, processes, and technological investments. The change to CRM practices will require close interaction and coordination among senior DTS leadership. At the Transportation Specialist level, employees must understand the overall view of the change to ICS and be properly trained on the new procedures to better serve their customers.

7. Culture

Culture is a system of shared meanings held by members that distinguishes an organization from other organizations. It is the common perception held by the employees of USTRANSCOM – a system of shared meaning.

Given that USTRANSCOM was established in 1987 their culture is relatively young, but the shared symbols, customs, and traditions unique to a military organizations and bureaucracies quickly became ingrained into their culture. USTRANSCOM's command philosophy is "a partnership of people building on proven performance and providing leadership to achieve higher levels of excellence within the Defense Transportation System". [Ref. 4] Many military headquarters have military and civilian personnel working side by side, but a factor not normally found is the symbolism of a

joint command. This is can be witnessed at USTRANSCOM – all military services coming together to form one unified team. This same team concept will need to used to sell the vision of ICS throughout the unified enterprise by USTRANSCOM leadership in orders to successfully implement this change.

The Transportation Specialists in TCJ3-ODJ are extremely professional and the functions are organized around teams. They are very protective of their individual customers and conscientious of providing quality service. They report to a military officer and display military courtesies found in military organizations.

The physical layout of the MCC can be intimidating when a visitor enters for the first time as it gives a feeling of high-level security and intense worldwide operations. However, after spending time within the TCJ-3 the atmosphere seems quite different. It is relaxing as employees address each other by their first name, conduct informal meetings and ceremonies, and demonstrate a team orientation.

8. Structure

USTRANSCOM, one of nine unified commands, is led by a four star military officer. The Commander in Chief of USTRANSCOM reports to the Secretary of Defense and the President. USTRANSCOM is comprised six functional directorates and five direct reporting elements, Chief Counsel, Command Surgeon, Inspector General, Command Chaplain, and the Command Section and Personal Staff. Figure 4 is a diagram of the USTRANSCOM's organizational structure.

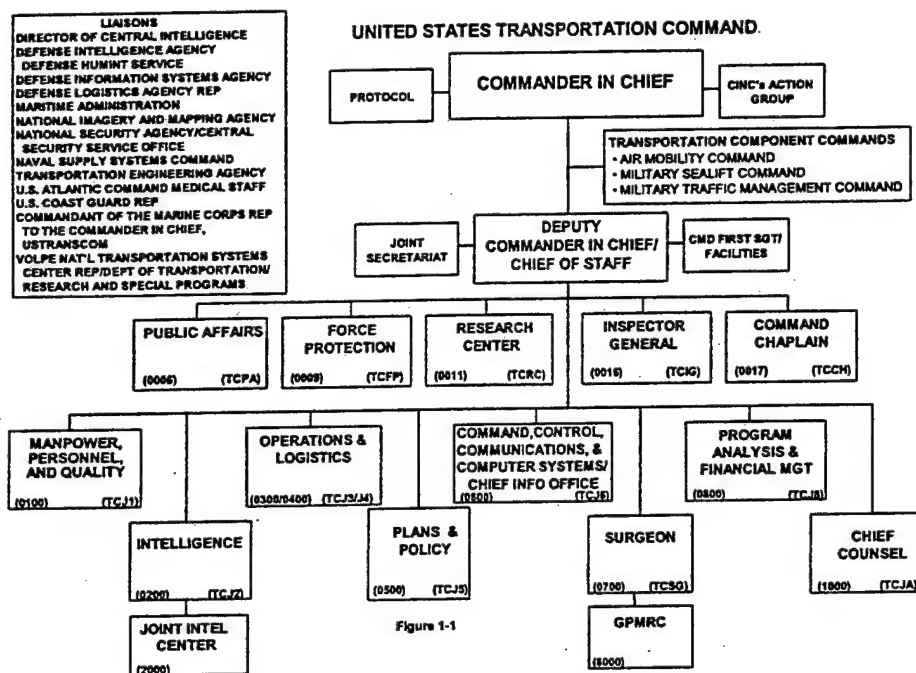


Figure 4. USTRANSCOM Organizational Structure Diagram [From: Ref. 11]

A two star military officer leads TCJ3/4 Directorate. Figure 5 is a diagram of the TC-J3 organizational structure that is led by an Army colonel. The MC Joint Requirements Team, consists of Channels, General Movements, Special Assignment Airlift Mission (SAAM), and Surface Requirements sections.

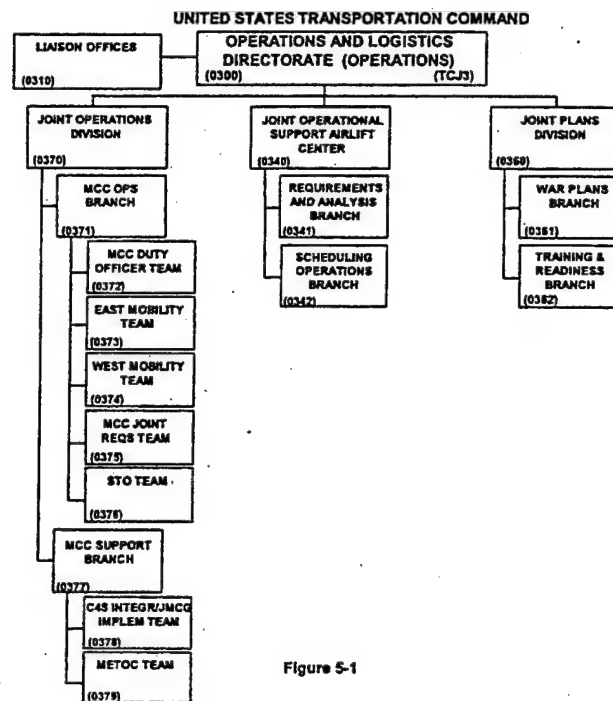


Figure 5-1

Figure 5. TCJ-3 Organizational Structure Diagram [From: Ref. 11]

C. SUMMARY

This chapter presented the history and current operating environment of USTRANSCOM. It also presented the open system model and listed the elements and key subcomponents as they relate to USTRANSCOM and ICS. This information was provided to describe the context in which ICS is being implemented. The next chapter will discuss the methodology used to collect the information and analyze it to gathered about the system elements and study their interactions.

III. METHODOLOGY AND DATA ANALYSIS

A. DATA COLLECTION

The data were collected through in-depth interviews with Transportation Specialists currently using the ICS pilot program in TCJ3-ODJ. The scope of this research was to interview only USTRANSCOM personnel who were extensively involved in the day-to-day customer-interfacing processes.

The researcher conducted interviews in person at USTRANSCOM at Scott AFB, Illinois. The time required for conducting an interview ranged from 18 to 32 minutes for an average of 24.6 minutes per interview. Any variations in the time required for conducting interviews were due to the length of the responses provided by the interviewee. All interviews were recorded on audiocassette and then summarized for ease of analysis.

Nine Transportation Specialists had ICS installed on their desktops. Of those nine, six individuals were interviewed. The remaining three were temporarily reassigned away from the command or in training. The six interviewees comprised three women and three men. With an average of over 20 years in the transportation field per interviewee, they are vastly experienced and well respected within the transportation community. Their collective responses provide an excellent source of information to discover potential areas of organizational change. Each interviewee was asked for permission to

record the interview in order to improve accuracy and was also informed that they would remain anonymous.

The interview guide (Appendix A) was designed to ask questions that specifically addressed organizational issues that would most likely be affected by the implementation of the ICS system. These questions were categorized by subject for ease of analysis and discussion. All interview questions were open-ended and provided ample latitude for the interviewees to openly discuss or expand on any issue they wished to address. The researcher used probing questions to gain further detail and clarification on a response provided by the interviewee.

B. DATA ANALYSIS

The data were compiled from the interview questions, and through content analysis general trends and repeated issues were identified. These key themes were summarized for each category in the interview guide. These categories include: basic understanding, anticipated impact of change, communication, and other organizational factors. Percentages have been used to quantify general themes and careful consideration has been given to ensure the anonymity of the interviewees while summarizing the data.

1. Basic Understanding

To gain an understanding of the interviewee's basic knowledge of ICS, the interviewer asked general questions about what the ICS system is, its purpose and future, and whether or not they thought it would contribute to USTRANSCOM's mission.

All six interviewees understood ICS to be a tool designed to record, retrieve, and share information about their interactions with customers. Additionally, they all knew this data was ultimately being stored for historical reference, and management in the future could monitor trends or metrics. Less than 25 percent, however, made any correlation of being able to leverage this stored data as a way to better serve their customers in the future.

During the interviews it was discovered that many of the interviewees did not view any relationship between the toll-free number and the ICS application as part of an overall CRM system. They did not think the toll-free number would improve customer service among existing customers. The toll-free number was described as a telephone tree that required customers to go through multiple layers and was extremely inconvenient for existing customers who already used direct numbers. One interviewee stated, "The customer knows my number, there is no way they would go through the phone tree" and another stated, "Why would we want our customers to go through the 1-800 number when they know our number already?"

The interviewees felt the number would be most beneficial for new customers who were trying to locate a specific function within USTRANSCOM. The Transportation Specialists stated they would not expect or want their customers to work through this multi-layered telephone menu to reach them and continue to use their direct numbers.

Over 80 percent of the interviewees did not seem to grasp the broader scope of ICS. The vision of what the total system will be capable of doing in the future for their customers and the DTS was not apparent to them. Comments included, "The long-range goal and my part in that should be made available to me" and "Internally there are some who are resisting because they don't have the big picture."

Interviewees had very limited information on what was going to happen when the pilot program ended in April 2001 and were indifferent as to whether ICS remained in use on their desktop or not. One commented, "Their idea of what is supposed to be here, won't be here by 15 April," and another stated, "We have so many systems now that are intended to integrate data, are we just reinventing the wheel? ICS needs to be able stand out."

Twenty five percent felt they were merely testing a piece of software for its applicability in the military transportation environment. One indicated, "We are just establishing another software program like the 10 – 15 we have already. A need has to be defined" and another commented, "Initially we thought our purpose was to make a recommendation on the system applicability."

Sixty-seven percent of the interviewees felt that ICS in some final shape or form, if adopted, would potentially help them carry out their job in support of the command's mission. However, all six were unaware of how customer satisfaction levels would be measured in the future to know whether or not they were actually adding value to the mission by using ICS to provide better customer service.

2. Anticipated Impact of Change

This series of questions was used to ascertain the driving force behind USTRANSCOM's adoption of ICS and to determine how deep rooted the change efforts were within the organization to successfully implement this CRM system. The Transportation Specialists were questioned to find out the level of commitment being devoted to the change to ICS among management, operators, TCCs, and customers.

a. Reason for Change

There was no consensus among the interviewees about why USTRANSCOM was adopting the ICS system. Fifty percent of the interviewees felt the compelling reason behind ICS was the result of customers complaining to management and ICS was a reactionary step to show customers that USTRANSCOM was willing to provide better service. One interviewee commented, "At one point there were complaints at a Customer Day" and another stated that ICS was being adopted, "because of Customer Day two years ago." Another interviewee commented that: "Because there are so many functions within TRANSCOM, customers are looking for something that helps them get to the right person, the right time."

Twenty-five percent of those interviewed felt USTRANSCOM was being commercial software by a contractor who had little understanding about what their job entails. Less than 25 percent felt that USTRANSCOM was changing, as other organizations routinely do, to seek out new ways to better meet the needs of the customer.

All of the Transportation Specialists who interacted regularly with

commercial transportation firms stated CRM technology was not required to do business. Fifty percent were aware of CRM technology being used in the private sector in such fields as insurance and express shipping. Those interviewees who were aware of CRM practices attempted to compare what they did on a daily basis to these types of commercial companies who operate call center environments and questioned the applicability of CRM in TCJ3-ODJ.

b. Impact on the Transportation Specialist's Job

In the opinion of all six of the interviewees, ICS has not had a significant impact on how the specialists process customer requirements or interact with their customers. Over half believed that their ability to help customers would be improved by ICS because of recommendations being developed by the PATs. Sixty-seven percent stated ICS did change the way in which they perform their job by adding the extra task of data entry or a duplication of efforts. When ICS is fully operational, 25 percent thought it could save them time.

Currently, in the pilot program over 50 percent stated they were diligently making the effort to record customer contact information and summarize transactions. All six of the interviewees agreed that their job was now more time consuming because they had to take the time to enter this information into the ICS system. However, less than 25 percent were able to actually talk to the customer and type the information into the database at the same time. The remaining interviewees found themselves having to make entries after the fact and admitted at times this did not get done in a timely fashion.

Since TC-J3 was already organized around teams, none of the interviewees could foresee any immediate change to the organizational structure or reporting relationships within TCJ3-ODJ on the limited scale that ICS was currently being tested. Less than 25 percent could envision any significant impact to the structure and chain of command if ICS was implemented on a command-wide basis. All six interviewees mentioned they were given time away from the job to train and work out the discrepancies in the software. All were members of a Process Action Team (PAT) where they were allowed to provide feedback to make the system more functional to suit the needs of their job. They also attended regularly scheduled ICS training sessions.

c. Support of Leadership

The interviewees all thought ICS was supported in one way or another by their leadership. In the eyes of the interviewees USTRANSCOM support included: embracing technology to make the job easier, funding, tools and training, formation of the PAT, and adopting new processes in support of the mission.

Several commented that their first line supervisor, a military officer, has been in school during the majority of the test period and had not been cognizant of ongoing changes to the system.

d. TCC's Involvement

Many of the interviewees did not deal with the TCC's representatives on a daily basis, but none of them could not foresee any potential changes to existing relationships because of ICS. Over 80 percent of the interviewees had commented that they had heard directly or indirectly or seen metrics that indicated the TCCs were not participating in the pilot program to the fullest extent possible. This observable lack of participation from the TCCs may have negative implications in instilling a customer-centric philosophy and may hinder efforts to institute ICS throughout the DTS.

e. Customer Perspective

In general, the interviewees thought ICS was transparent to their customers. According to the Transportation Specialists, 67 percent stated their customers had not asked for ICS and all six responded that ICS does not require customers to conduct business differently with USTRANSCOM. Other than occasionally verifying contact information to update the system, 80 percent felt the customers did not know about the ICS efforts underway. When asked if they knew who had informed their customers about this new system, over half stated, "nobody, our customers are not aware we are using ICS".

C. COMMUNICATION

In general, TCJ3-ODJ relies heavily on e-mail and telephone to communicate on a day-to-day basis. Fifty percent of the Transportation Specialists claimed changes within

their area are normally done through using informal and verbal media such as meetings and conversations. Sources of announcing change included: supervisor, coworker, and grapevine. The remaining 50 percent stated changes were routinely announced via e-mails by their supervisor.

Supervisors used e-mail and meetings to announce adoption of ICS; however, half of the interviewees first heard about the change from coworkers, grapevine, and contractors. One interviewee stated, "I first heard about ICS flying around the office last summer and then it was on my desk in November" and another mentioned, "I first heard about ICS at a briefing two months ago."

The timeframe during which the interviewees learned of the change varied. Over 67 percent had heard about ICS more than six months ago. The remaining interviewees had first heard about ICS within the last six months.

All of the interviewees stated they were able to provide input about the functionality of ICS during the PAT meetings. Even though they all felt this communication channel was extremely beneficial in getting a working product on their desktop, several felt their ideas or suggestions were excluded from initial developmental efforts. According to half of the interviewees, they were also allowed to make changes to existing written ICS operating instructions during these PAT forums. The other half of the interviewees stated they did not know of any written ICS procedures.

Communication between the ICS users at USTRANSCOM and AMC, MSC, and MTCM is limited. Comments from interviewees include, "AMC came over for the

briefing, but they weren't interested and we haven't seen them since," and "The metrics communicate they are not very involved."

As mentioned earlier, communication with the customer regarding the ICS pilot program appears to be very limited, according to the Transportation Specialists. They were not sure how the toll-free number was communicated to those customers in the test program or if someone at USTRANSCOM had informed these customers of the ongoing ICS pilot program or the new customer-centered focus.

D. OTHER ORGANIZATIONAL FACTORS

This series of questions looked at other areas within the organization that may be impacted by the implementation of the ICS system. These included: training, performance measurements, and rewards.

1. Training

All interviewees felt that current training efforts provided by the contractor were adequate. Over 67 percent, however, indicated training was unsatisfactory when ICS was initially placed on their desktops. Interviewee comments consisted of, "Training was far too limited in the beginning" and "The initial training was unsat – not enough." Over 25 percent believed they needed more hands on training than what was being provided because they learned better by actually operating the system and manipulating the data. One commented, "I need my paws on the computer." Fifty percent stressed the

importance of future training if the features of ICS expand or it becomes a full-blown program.

2. Performance Measurements

Performance measurement is an area of concern to the interviewees for three reasons. One reason is that the Transportation Specialists do not know what type of metrics ICS tracks and whether or not these figures will be a factor in how their performance is evaluated. The interviewees were asked whether or not they thought that ICS would change the way their performance was evaluated. Half responded that ICS would not change how their performance was evaluated; the other half predicted it would.

Another reason is that certain types of measurements will not accurately reflect what the Transportation Specialists are doing on a daily basis. When asked if they thought new performance metrics will be developed, half predicted there would be some new standard established. For some, this new standard brings up the fear that the volume of phone calls taken in a given day or month will be equated to the amount of work being done. Many of the Transportation Specialists stated a great deal of their time is not spent on the phone, but actually doing other types of administrative work. Some stated, "The number of phone calls don't reflect how much work you do" and "Our performance should not be based on the number of phone calls" and "60 percent of my time is spent off the phone. Just because you are not on the phone, doesn't mean you're not working."

Lastly, some feared because they could not talk to a customer and type in data at the same time, their metrics would lag and management may view their performance

substandard. One interviewee commented, “We will be rewarded negatively if we don’t keep up.”

Fifty percent felt that their performance would be monitored at the same level with ICS in place, while twenty-five percent felt it would be monitored more. These individuals stated, “Our performance will be watched much more” and “The system will be a watchdog of our activities.”

3. Rewards

All workers function within in a reward system – promotions, bonuses, etc. Based on comments from the interviewees, special rewards do not seem to be commonly used as a motivational tool by management within TCJ3-ODJ. The most visible awards program noted was the Civilian of the Quarter award.

Although all six felt free to suggest change and several interviewees knew of people who had made beneficial suggestions, over 50 percent stated they did not know of someone who had been rewarded for new ideas. In fact, 25 percent said they had not seen people rewarded for any new idea.

When asked about whether or not the interviewees could foresee ICS changing how their performance would be rewarded, 50 percent stated they anticipated no change in how they were rewarded. As discussed in a previous section, the fear of the type of metrics that would be used to measure and ultimately reward success caused discontent among 25 percent of the Transportation Specialists. The interviewees stressed the need to give careful consideration to developing a viable set of metrics and a reward mechanism

that is in line with these established standards. One commented, "Good metrics would have to be worked out, but there would have to be a long range perception or vision," and another mentioned, "We use e-mails a lot and that should be factored in what we do too."

E. RESISTANCE TO CHANGE

The interviewees were asked three differently phrased questions to bring out potential pockets of resistance to change. There were several reasons why the interviewees felt reluctant to totally embrace or even use ICS. These included:

- Acceptance that there is an actual need for ICS. The employees have not been sold on the reason why USTRANSCOM is shifting to a customer-centered philosophy. There are currently other software programs that perform similar functions; therefore, some view ICS as a duplication of efforts. One commented, "ICS is a duplication of what I'm already doing" and another responded, "It is an internal tracking program that we are only using to log in phone calls. We already use Outlook." ICS has to be differentiated as more than a software package; it has to made part of a new way of thinking about customer service before it can become a new way of doing business.
- Expected benefits versus cost of the system. Currently, the overall benefits of the ICS system to the unified enterprise are not visible, and potential long and short term benefits have not been explained by management to employees. One interviewee commented, "I use ICS a lot because I'm told to use ICS, but it doesn't serve a benefit above and beyond what I already use." From a micro level perspective, the Transportation Specialists see no gain from the added work of logging in telephone calls.

Additionally, they have not been told how these efforts will improve customer service and how their efforts will be rewarded.

- Limited employee buy-in to the change effort. Since the Transportation Specialists were not made a part of the development process, they feel limited ownership in the system. They have difficulty accepting a system that works well in commercial arenas, particularly call centers, and being told that it will also work in their environment without their being able to provide any input. ICS was not initially designed with the specific details of their job in mind. One person noted, "TRANSCOM was sold a shell and the contractor didn't know what to put into it. TCJ3-ODJ is now building the program. This is wrong, they should have done the research first." Accordingly, the Transportation Specialists become frustrated when they encounter roadblocks when attempting to enter data into the system. The current PAT does allow them some avenue to make changes to the system.

- Lack of a champion who shares a vision. The Transportation Specialists are not willing to take the time to learn a new process if they are not hearing from a champion that ICS is here to stay. There is no reason to fully commit to a system that is in a pilot phase if someone is not informing them of a timeline or direction at the top for full implementation.

F. SUMMARY

These categories will be further analyzed in Chapter IV using the open system model framework to diagnose key areas of organizational misalignment and reduce

potential pockets of resistance to change. Chapter IV also identifies which model elements will be most impacted by the change to ICS and discusses the areas of organizational changes that should be considered USTRANSCOM leaders as the implementations proceeds.

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IV. OPEN SYSTEM MODEL DIAGNOSIS

Just creating a strategic plan is not enough. The changes indicated by the adopted strategies must be incorporated throughout the system for them to be brought to life and for real value to be created for the organization and its stakeholders. [Ref. 12]

A. INTRODUCTION

The system model framework helps organizations that are adopting change to conceptualize all major system elements and study their interactions. Usually a strategic change impacts one or more of the system's elements and managers can assess the feasibility of change by looking at five principal questions: does the organization need strategic change, is there readiness for change, how will internal and external stakeholders react to the change, does the organization have the capacity to implement change, and will the change achieve the desired results without having undesirable consequences?

The data from Chapter III will be used to help formulate responses to these questions. This chapter determines what system elements will need to be realigned to accommodate ICS and identifies ways to reduce potential resistance from stakeholders by analyzing these questions.

B. THE NEED FOR STRATEGIC CHANGE

USTRANSCOM has determined a strategic need for ICS. ICS has become an integral part of strategic planning efforts as USTRANSCOM attempts to increase efficiency and effectiveness within the DTS. The need for adopting ICS appears to be

driven primarily by two elements within the open system model - technology and environment.

Current technological trends coupled with USTRANSCOM's requirement to continuously scan the external environment for applicable commercial business practices to improve efficiencies have influenced their decision to strategically focus on the DTS customers.

A level of dissatisfaction among customers has also triggered USTRANSCOM to undertake strategic change efforts. USTRANSCOM uses customer surveys to measure effectiveness in providing quality service. For past two years, DTS customers have signaled a need for better communication while interacting and conducting business with USTRANSCOM and its TCCs. ICS attempts to improve these results.

C. **READINESS FOR CHANGE**

The Secretary of Defense, to whom USCINCTRANS is accountable, has opened windows of opportunity for change at USTRANSCOM by giving this command the flexibility to adopt commercial business practices. Accepting the need to improve service levels, USTRANSCOM has made the implementation of ICS one of their strategic objectives. The command has drafted an implementation plan using the services of a contractor, and intends to commit significant resources (funding, equipment, and manpower) to the ICS over the next five years. Though these efforts have demonstrated a readiness for change, this need and readiness to change has not been communicated to all affected stakeholders.

A level of importance or sense of urgency to change has not been established among key members within USTRANSCOM. The results of the customer service surveys were communicated to DTS customers, but it is not readily apparent the results of these surveys were communicated internally the command. The input element (manpower), Transportation Specialists and TCCs, is extremely critical to the success of ICS; however, these personnel do not have a common understanding of the need for ICS.

The Transportation Specialists interviewed were content with the status quo and have not been provided any compelling reason to embrace ICS. Even though 50 percent of the Transportation Specialists heard that customers were complaining, they were not provided any statistics that demonstrated a decline in levels of customer service effectiveness. If this information had been summarized for the Transportation Specialists, they might have better understood the need for ICS and been more willing to accept and use it.

The role of the TCCs is paramount in this customer-centric strategy. Their willingness to adopt ICS is integral to USTRANSCOM's ability to capture, collect, and share information across the DTS to form a single, unified corporate view of a customer. Without TCC support and participation in the program, it will be virtually impossible to institute ICS within the DTS.

Only after USTRANSCOM is able to establish the urgency among the Transportation Specialists and TCCs of improving measures of effectiveness, and is able

to instill among these parties a need to change, can USTRANSCOM hope to gain commitment from them.

D. INTERNAL AND EXTERNAL REACTIONS TO ICS

To assess the impact of ICS, USTRANSCOM can examine the potential reactions of those groups who will be most affected by the change to ICS. These groups include: customers, USTRANSCOM leaders, TCJ3-ODJ Transportation Specialists, and TCCs.

1. Customer's Reaction

ICS is an initiative designed to improve relationships with customers. According to 80 percent of the interviewees, ICS is transparent to the customers who are participating in the pilot program. One can conclude that ICS does not require customers to conduct business differently and there are few visible signs among customers of current USTRANSCOM change efforts.

When fully developed, however, customers should notice a remarkable difference. They will be able to access USTRANSCOM and the TCCs via the communication channel of their choice and to get the right person the first time. They will have the capability to perform self-service transactions. Customers will have consistent experiences each time they interact with the DTS, and there will be standardized customer service practices throughout the DTS. Given these expanded capabilities and no assumed degradation of services, the anticipated reaction among customers should be positive.

2. Leadership's Reaction

All of the interviewees felt USTRANSCOM leadership supported ICS in some way. However, based upon the interviews, initial ICS efforts gained minimal reaction from the Transportation Specialists' leadership. Fifty percent of the Transportation Specialists stated they first learned about ICS through an e-mail from their supervisor. This form of communication to announce a strategic change did not send a very strong indication about the leadership's commitment to ICS or its people. Additionally, an e-mail announcement did not provide the two-way means necessary for employees to ask questions or address issues that concerned them.

It was not until after the installation of ICS that management initiated PAT meetings and improved training that had been perfunctory. The Transportation Specialists viewed these measures as extremely positive. Management has not addressed issues in the other major elements such as goals and strategies, behavior and processes, and organizational structure with the Transportation Specialists.

3. Transportation Specialist's Reaction

The Transportation Specialists are reluctantly using the system. They do so only because they are instructed to. Interviews concluded that the Transportation Specialists understood the fundamental principles of ICS from an operational level, but did not appear genuinely committed to the change to ICS. Part of this resistance was due to the uncertainty on what direction management was taking regarding the future of ICS. For example, interviewees wondered whether they were testing ICS software to make a

determination of future applicability, or were they using ICS software that would eventually become an integral part of their job after the initial trial period. The answer to this question should be made clear to the Transportation Specialists by leadership so they can attempt to gain a sense of commitment. Limited information does not provide the Transportation Specialists the broad perspective required to understand the goals, future capabilities, and overall benefits of this CRM solution for the entire DTS.

4. TCC's Reaction

The TCCs are making strategic changes within their own organizations on a routine basis. Vice Admiral Holder, MSC Commander, stated during a lecture at the Naval Postgraduate School on March 13, 2001, "If we don't find innovation in processes, we are going to die. MSC works on this a lot." This statement provides an indication of MSC's readiness to change.

However, when it comes to adopting this new customer focused philosophy under the auspices of USTRANSCOM, there appears to be some reluctance on the part of the TCCs. Some of this reaction is due to the history of the DTS discussed in Chapter II. One of the interviewees stated when asked about how they thought the TCC's felt about becoming a part of ICS, "Resistance with TRANSCOM is normal because they used to be separate from us." Additionally, the TCC's have multiple chain of commands and there could be possible friction from the respective services.

E. USTRANSCOM'S CAPACITY FOR CHANGE

A diagnosis can assess whether USTRANSCOM has the capacity to implement ICS. The key to USTRANSCOM's capacity to implement ICS is the coalition guiding it. This would include leaders at USTRANSCOM, MTMC, MSC, and AMC getting together to bring about the change. If this group can work together to develop a vision and strategy, ICS can be implemented.

Because military organizations tend to have long periods of transition prior to implementation, the capacity for change becomes extremely critical. Each major element of the system model, shown below for ease of reference, can be examined to see whether or not it is likely to make the contributions required for successful ICS implementation.

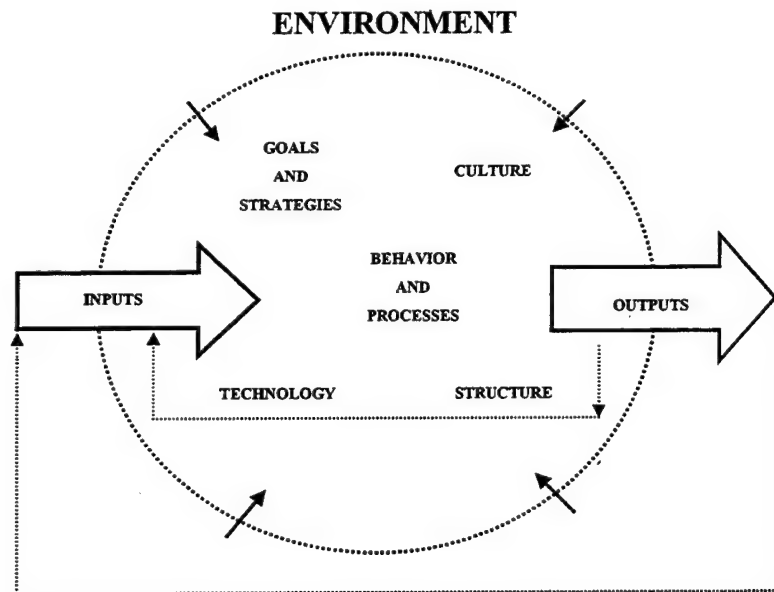


Figure 3. Open System Model [From: Ref. 8]

1. Inputs

As stated earlier, the Transportation Specialists are one of USTRANSCOM's most critical assets. Existing manpower already maintains the specialized skill sets necessary to operate ICS and additional manpower requirements would appear to be minimal.

However, there will be significant impacts in training the employees; consequently, future ICS training requirements should be aligned with the needs of the Transportation Specialists. The concern addressed by 67 percent of the interviewees indicating that initial training provided was inadequate needs to be managed better when ICS is implemented. Managers need to ensure the frequency and type of training is in line with the employee's needs. Training development should to be given top priority because another poorly executed training plan could further discourage acceptance of ICS among the Transportation Specialists.

Funding is an extremely scarce and volatile resource. Money that is believed to be available to fund a project can quickly be diverted and reprogrammed based on need to other programs within an organization. Currently ICS planners are faced with answering "what if" budget questions. This type of uncertainty makes implementation planning difficult.

2. Environment

The environment provides the necessary external resources

USTRANSCOM needs to implement ICS. Currently the resources, regulations, support for ICS is present. However, some of the resources on a broader scale (budgets, manning, military guidance, reorganizations, etc.) are tied to mechanisms out of USTRANSCOM's control and could hinder efforts to implement ICS if the transition period until implementation is too long.

3. Goals and Strategies

The goals and strategies of USTRANSCOM need to be aligned with the philosophy of ICS. The future vision of ICS and the reasons for adopting it must be circulated throughout the command.

The goal of ICS is to improve efficiency and effectiveness. A determination of how these will be measured needs to be made. For example, if USTRANSCOM sets an objective to reduce customer complaints by one percent, there must be an established starting point and determination of how complaints will be collected and measured. This process, in turn, needs to be communicated to the Transportation Specialists so they will have a clear idea of what is to be expected of them.

4. Behavior and Processes

Unless compensation, career, and job satisfaction consequences are tied to successfully implementing ICS and meeting performance goals, few of the Transportation Specialists will attach much significance to USTRANSCOM's new vision, objectives, and strategy. The interviews revealed that the Transportation Specialists are fully aware that ICS can track and summarize all of their transactions, but they are not clear about how management intends to use this data. There was some fear that the metrics might be used to negatively monitor or inaccurately measure performance.

Twenty-five percent of the interviewees viewed ICS as a monitoring tool by management. Unless management very clearly indicates the types of metrics that will be considered in the Transportation Specialist's performance, these specialists will feel that management is merely monitoring actions. This perception could create fear that will decrease morale and undermine command climate.

Additionally, caution should be taken in deciding which measurements to use to assess performance. There is consensus among users that measuring the number of phone calls is not an accurate reflection of the work they actually perform. To gain commitment from the Transportation Specialists regarding the proper performance indicators, management should solicit input from them.

Lastly, USTRANSCOM needs to align the way in which the Transportation Specialist's performance is evaluated to standards that take into account this new customer focused strategy. Customer service performance measurements need to be

added to employee evaluations. These standards should be established for each manager, team, and employee. Once these performance standards are established, rewards and incentives can be used as a powerful tool by management to win strong employee commitment to ICS strategy execution. If they are not, then the incentive to reduce customer complaints is diminished.

5. Culture

The culture within the TCJ3-ODJ is responsive to customers. The Transportation Specialists take extreme pride in helping their customers and would accept new ways of doing business. The key is to make them feel like part of the change process.

6. Structure

TCJ3-ODJ is currently arranged into teams, and this team oriented structure seems to accommodate the change to ICS well. The flat team structure seems to allow customer information to flow more freely.

F. UNDESIRABLE CONSEQUENCES

CRM solutions have proven to be monetarily beneficial to commercial firms in retaining customers and increasing profits. Although not motivated by profits, government agencies are using CRM to improve customer relations. USTRANSCOM is adopting ICS to improve measurements of effectiveness and efficiency. Once viable

metrics are established, USTRANSCOM can calculate a return on investment to make a fiscal determination on beneficial results.

However, as with any change effort, there are potential risks that produce undesirable consequences. If ICS is not implemented on a DTS level, the chances of reaping the benefits of a CRM package are limited. Potential causes of these risks include:

- Change not initiated from top down,
- One or more of the TCCs choose not to participate,
- Funding is scaled back causing implementation plan to be revised or enhancements to be deleted, and
- Significant lag between pilot program and new contract.

G. SUMMARY

USTRANSCOM is attempting to provide customer contact employees with instant access to customer databases so they can respond more efficiently and effectively to customer inquiries and personalize customer services. This chapter has closely examined the open system model elements to determine USTRANSCOM's capacity and readiness to adopt this new way of thinking. The system elements that were identified to be realigned in conjunction with the implementation of ICS included: inputs, goals and strategies, and behavior and processes.

Strategies cannot be implemented and executed with real proficiency unless the organization or employees are committed to it. Effectively communicating this new ICS

strategy from the top down throughout the DTS will help gain commitment from the Transportation Specialists, inform them about new processes and, indicate what behaviors are expected. Management needs to establish a new measurement and feedback system to monitor the performance of the Transportation Specialists. Additionally, to gain and sustain commitment, the proper rewards and incentives will have to be developed at USTRANSCOM.

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V. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

A. SUMMARY AND CONCLUSIONS

This thesis sought to identify the types of organizational changes USTRANSCOM should consider to successfully integrate ICS into its business processes. Based on the data analysis from interviews in Chapter III and the diagnosis of the feasibility for change using open system model elements in Chapter IV, the following conclusions to the thesis questions are provided.

1. What types of organizational change(s) will USTRANSCOM have to plan for to effectively implement ICS on a full-scale level?

By using the open system model, one can gain insight into which elements have influenced the need for a customer focused philosophy and analyze the interactions among other elements as a result of this new way of strategic thinking. Data reveals that the external environment and technological trends have made USTRANSCOM aware of the need for a CRM solution. CRM practices require that USTRANSCOM remove existing stovepipe processes, exchange communication more quickly and freely, and alter employee's performance standards and reward mechanisms to embrace customer centric behaviors. While undergoing ICS implementation efforts, USTRANSCOM can align these impacted elements including inputs, goals and strategies, and behavior and processes to make this change effort successful.

The stakeholders with the most vested interest in ICS are the Transportation Specialists. These employees are one of USTRANSCOM's most valuable assets as they perform the customer-interfacing processes on a daily basis. USTRANSCOM's leadership needs to gain these employees's commitment in order for this change to be successful. The Transportation Specialists see ICS as only a desktop application and do not fully comprehend the broader CRM perspective. The employees' current way of thinking about the customer and ICS needs to be aligned with the overall CRM vision. The goals of ICS need to be communicated to the Transportation Specialists from the top, and these goals also need to be made part of future planning endeavors. Employees also need to receive proper training on the ICS system.

Goals and strategies need to be realigned to support the customer-focused strategy. If USTRANSCOM's business models are not built around the customer, then ICS will not succeed. The goal of ICS, improving efficiency and effectiveness, needs to be quantified and measured. The steps to achieve management's desired outcome levels need to be conveyed to the Transportation Specialists.

CRM is not a technology but a business philosophy. If ICS is implemented as a stand-alone technology, unrelated to other business processes, it will fail. CRM is rooted in building powerful and lasting relationships with customers. Consequently, if management wants the employees to exhibit patterns of behavior that make the customer the center of attention, then the processes, communication methods, performance standards, and reward mechanisms need to be realigned to reinforce this desired behavior.

Employees need to be empowered to make decisions that are in the best interest of the customer and not have to worry that their performance may suffer.

2. Is ICS a strategic change?

According to the open system model, a strategic change entails basic changes in one or more critical elements. The discussion in Chapter IV reveals that the implementation of ICS will require changes in several elements including: technology, environment, inputs, goals and strategies, and behavior and processes. Therefore, ICS should be considered a strategic change, and if affected system elements are not adjusted accordingly, then the change to ICS stands a lesser chance in becoming part of USTRANSCOM's standard way of doing business.

3. Does CRM have the support of USTRANSCOM's senior leadership, its employees, and its TCCs, and will adequate resources be provided to implement ICS?

CRM represents more than a technological change, and it requires USTRANSCOM to adopt a whole new way of thinking. According to the data collected, this customer centric strategy does not appear to be coming from a top coalition (USTRANSCOM, MSC, AMC, and MTMC) or senior champion. Therefore, it has not gained the necessary commitment from all stakeholders needed to reap the benefits of CRM solution throughout the DTS. Employees have not supported this initiative to the fullest extent because they have not been made to feel like part of the change process.

Currently there appear to be adequate resources to include manpower, funding, and equipment to implement ICS.

4. Does ICS alter or add value to USTRANSCOM's mission and are their objective measures in place to evaluate the change effort?

ICS will not alter the mission of TCJ3-ODJ. The Transportation Specialists will continue to provide customer service to schedule and manage air, land, and sea transportation for the DOD. It can be assumed that after complete ICS installation, the Transportation Specialists will be able to perform their mission more effectively and efficiently through features and capabilities currently not available to them. However, it is unknown whether ICS will add value to the mission. According to the Transportation Specialists, pilot customers have indicated no added benefit from ICS to the service levels provided.

Interviewees are not aware of objective measures in place to compare past and future customer satisfaction levels. Customer survey results should be tailored to reflect such measurements to be able to make valid comparisons from one year to the next.

5. How will organizational systems – structure, reward mechanisms, control, and people – have to be aligned to accommodate the change to ICS?

As revealed in the diagnosis, more than one system element is affected by this change. As answered in question one, all of the organizational systems need to be aligned with the new strategy. This new strategy is built around the customer. Therefore,

all other organizational systems should have similar objectives. Territorial boundaries need to be eliminated and the DTS should be viewed as one entity. People should be seen as the most important resource in this change effort and their behaviors, interactions, and decisions should be channeled to achieve this goal.

6. How must the change be communicated externally and internally?

The change to ICS should be communicated to all stakeholders from top leadership. Externally, customers should be kept abreast of what is going on in regards to implementation efforts. The benefits should be made apparent to them and their patience should be solicited during implementation. This could be communicated during Customer Day or in a letter signed by the senior leader. Customers could even be asked to help in designing future features of ICS.

Internally, this new way of thinking must be communicated throughout the organization, and fully, over time, these new beliefs will be instilled in its culture. Given the size of USTRANSCOM and the TCCs, senior leadership could announce this strategic change through some formal written means. Then on a more personal level, the users should be routinely interacting with the executive coalition to learn details about the change. This process will afford USTRANSCOM the opportunity to identify possible resistance and open avenues for continuous feedback. This interaction should be done face-to-face on a routine schedule throughout implementation so the employees can see that the commitment to the change is genuine and voice their concerns.

B. RECOMMENDATIONS

1. Identify an ICS champion at USTRANSCOM to gain commitment and establish a sense of urgency among the staff and TCCs.

To successfully bring about a change of this magnitude, an Executive Committee should be established comprised of top leaders from USTRANSCOM and the TCCs who are committed to this strategic change. Communicating and voicing a need for this change can disseminate the five-year implementation plan and goals of ICS among the key stakeholders. This dialogue will enable the committee to gauge reactions among stakeholders and determine areas of potential resistance. This feedback loop would give USTRANSCOM leadership an indication of why the Transportation Specialists are not enthusiastic about the ICS pilot program.

2. Establish the necessary metrics and build the customer focused philosophy into performance standards and rewards mechanisms.

The Transportation Specialists need to know what will be expected of them when ICS is up and running on a full-scale level. If customer service standards are not built into performance standards, then ICS gains little commitment from the users. Metrics that are supportive of the new goals (measures of effectiveness and efficiency) and achievable will provide employees direction and produce positive strategy execution.

There is a need to match rewards to deeds. Employee incentives should be tied to customer-oriented indicators. Rewards could be tied to USTRANSCOM TCJ3-ODJ team reaching a certain metric in an annual customer service survey.

3. Develop a sound training plan for ICS.

Employees need to have the proper training to do what is expected of them. There are employees who are being asked to operate a software application that they do not feel they are adequately trained to do. USTRANSCOM should consider developing a solid training plan that is phased in during the implementation of ICS. At certain milestones of the ICS implementation program, training can be incorporated. Also, management should get a sense of what type of training (hands on, lecture, etc.) is needed and the frequency of the training sessions. Employees should be given time away from their job to attend training.

C. POTENTIAL AREAS FOR FURTHER RESEARCH

The following topics are suggested:

- Conduct a cost/benefit analysis of the ICS program.
- Perform an in-depth stakeholder analysis and identify reasons and ways to overcome resistance to ICS.

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APPENDIX A. INTERVIEW GUIDE

Interviewee #:

Job Title:

Length of time in job:

A. BASIC UNDERSTANDING

1. If you had to explain to someone who had no knowledge of ICS, what is it?

Probe: What is its purpose?

Probe: What is the expected end result?

Probe: In your opinion, will ICS help USTRANSCOM accomplish its mission? If so, how?

B. ANTICIPATED IMPACT OF CHANGE

1. What do you think is the reason(s) USTRANSCOM is moving towards ICS technology?

Probe: Do you work with commercial transportation firms who use similar technology?

Probe: Are your customers asking for this type of technology?

Probe: Is ICS supported by your leadership?

2. Does ICS change the way in which you perform your job? If so, how?

Probe: Do you think ICS will eventually alter the organizational structure within

J-3?

Probe: What was the structure in the past?

Probe: Are reporting relationships expected to change?

Probe: How do the TCCs feel about becoming a part of ICS?

Probe: Does ICS change the relationships between you and your points of contacts at the TCCs?

3. Does ICS have a major impact on how you process your customer's requirements?

Probe: Does ICS require your customers to conduct business differently than in the past?

Probe: Do you feel your ability to help your customers is improved by using ICS?
Why or why not?

Probe: Do your customers view ICS as a tool to provide them better service?

Probe: Have your customers expressed satisfaction or dissatisfaction with the service provided now that ICS is in place?

Probe: Do you know how customer satisfaction levels will be measured under ICS?

4. Do you anticipate any resistance to ICS internally or externally? Why or why not?

Probe: What are any potential challenges that may arise within J-3 because of ICS?

C. COMMUNICATION

1. When and how did you first hear about ICS?

Probe: Who communicated this information to you and in what way?

Probe: Is this the routine way changes within USTRANSCOM are normally communicated?

Probe: Do you feel you were given an opportunity to provide input or communicate your thoughts or concerns about this new technology?

Probe: Who informed your customers of the move to ICS and how was this communicated to them?

Probe: Are there written procedures or guidelines in place instructing you or your customers how to conduct business using ICS?

D. OTHER ORGANIZATIONAL FACTORS

1. Did you receive any type of training to operate ICS?

Probe: Who administered this training?

Probe: Do you feel this training was adequate? Why or why not?

2. Will ICS change the way your performance is evaluated?

Probe: Will there be new performance metrics developed?

Probe: Do you feel your performance will be monitored more or less?

Probe: Do you foresee that your performance will be rewarded differently? How?

3. How would you describe TCJ-3's organizational culture?

Probe: Are you encouraged to work in teams?

Probe: Does USTRANSCOM allow you to be innovative? Are you rewarded for your new ideas?

Probe: Do you feel management's decisions take into consideration the effect of outcomes on people with USTRANSCOM?

4. Are there other issues you think should be considered prior to adopting ICS on a full-scale level?

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